

**RESOLUTION NO. 2023-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY AND HABITAT FOR HUMANITY INLAND VALLEY, INC., AND FINDING THAT THE APPROVAL OF THIS AGREEMENT AND THE PROJECT ARE EXEMPT FROM CALIFORNIA ENVIRONMENTAL QUALITY ACT REVIEW PURSUANT TO SECTIONS 15326 AND 15332 OF THE STATE CEQA GUIDELINES**

THE CITY COUNCIL OF THE CITY OF TEMECULA DOES HEREBY RESOLVE AS FOLLOWS:

**Section 1.** The City Council of the City of Temecula hereby finds, determines and declares that:

(a) The Redevelopment Agency of the City of Temecula (the “Former Agency”) was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law set forth in Section 33000 et seq. of the Health and Safety Code of the State of California (the “Redevelopment Law”).

(b) Under the Redevelopment Law, the Former Agency was authorized, among other things, to provide assistance to the development of affordable housing projects.

(c) Pursuant to AB X1 26 (which became effective in June 2011), and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, and the Successor Agency to the Temecula Redevelopment Agency (the “Successor Agency”) was constituted as the successor entity to the Former Agency.

(d) Pursuant to Health and Safety Code Section 34175(b), all assets of the Former Agency, including its low income housing set aside funds, transferred to the Successor Agency by operation of law; provided, that pursuant to Health and Safety Code Section 34176 and Resolution No. 12-11, adopted by the City Council on January 24, 2012, the City elected to assume the housing functions of the Former Agency (in such capacity, the “Housing Successor”). In adopting this Resolution, the City Council is acting in its capacity as the Housing Successor to the former Temecula Redevelopment Agency and the City Council of the City of Temecula.

(e) The City is therefore authorized to manage remaining assets of the Former Agency and expend remaining Former Agency funds designated for the development of housing affordable for persons of low and moderate income in accordance with State law.

(f) On November 15, 2022, the City Council adopted Resolution No. 2022-86, declaring a 0.46-acre City-owned parcel located at 28725 and 28731 Pujol Street in the City of Temecula located west of Pujol Street and northerly of 1st Street in the City of Temecula, APN:

922-062-016 and APN: 922-062-010 (“Property”) to be exempt surplus land pursuant to Government Code sections 54221(b)(1) and 54221(f)(1)(A).

(g) Habitat for Humanity, Inc. (“Developer”) proposes to construct six (6) attached residential units (“Homes”) on the Property. The six units planned for the Property will average 1,255 square feet (SF) with attached private garages (“Project”). The Property is located adjacent to an existing five-unit affordable single-family development completed by the Developer in 2008.

(h) The proposed Disposition and Development Agreement (“Agreement”) to be approved by this Resolution provides generally that: (1) The City will convey fee simple interest in the Property to the Developer; (2) the Developer will pay the City \$561,000 for the Property in the form of a City Loan (Purchase Money Loan); 3) The City will contribute a total of \$700,000 to the Project in the form of a City Loan (Construction Loan); and 4) the Developer will construct six (6) residential units comprising five (5) units affordable to Very Low-Income households and one (1) unit affordable to a Low-Income household, as defined in Section 50093 of the California Health and Safety Code, in accordance with applicable laws and ordinances.

(i) The Agreement is also intended to effectuate the objectives of the City in complying with its obligation to assist in providing low and moderate income housing pursuant to the Health and Safety Code of California and the goals of the City’s Housing Element to the Temecula General Plan.

(j) The development of the Project and the fulfillment generally of this Agreement are in the best interest of the City and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

(k) Pursuant to the requirements of Health & Safety Code Section 33433, a comprehensive report summarizing and analyzing the proposed Disposition and Development Agreement. The report specifically contains the information required by Section 33433 has been prepared within the time limit set forth therein and, along with the proposed Agreement, were made available for public review as of the date of the first publication of the notice of public hearing.

(l) The conveyance of the property as proposed by the Disposition and Development Agreement is at less than fair market value based on the Agency's real estate analysis. Therefore, the City Council specifically finds in accordance with the authority of Health & Safety Code Section 33433 that: (1) the sales price is not less than the fair reuse value of the Property; and (2) said difference is necessary to effectuate the provisions of the Housing Element, the Former Agency’s Housing Obligations, and the Old Town Specific Plan and to allow development and housing opportunities to come to the City and increase employment opportunities within the City.

(m) The development of the Project as required by the Agreement will assist in the elimination of blight in the area in that development of Project as it will: (1) encourage and provide for development of vacant properties in accordance with the Housing Element and the Old

Town Specific Plan; and (2) preserve, improve, and expand housing opportunities for low income residents.

(n) The development of the Project as provided in the Agreement and consistent with the City's General Plan, and each element thereof, including without limitation, the Housing Element, and the Old Town Specific Plan.

(o) The City is specifically authorized by Health & Safety Code Sections 33430, 33431 and 33433, and other applicable law, to enter into the Disposition and Development Agreement.

(p) The City Council has duly considered all terms and conditions of the proposed Agreement and believes that such agreement is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements.

(q) This Agreement pertains to and affects the ability of all parties to finance and carry out their statutory purposes and to accomplish the goals of the Plan and is intended to be a contract within the meaning of Government Code Section 53511.

(r) Pursuant to the provisions of Health & Safety Code Sections 33430, 33431 and 33433, on May 23, 2023, the City duly noticed and held a public hearing before the City Council of the City of Temecula concerning the approval of the proposed Disposition and Development Agreement with Developer. The City Council considered all written and oral comments made at the public hearing.

**Section 2.** The City Council hereby further finds, determines and declares that:

(a) Health and Safety Code Section 33334.2, et seq. authorizes and directs the City, as the City, as the Housing Successor Agency, to expend remaining housing set-aside funds of the Former Agency for the purposes of increasing, improving and preserving the community's supply of housing available at affordable housing costs to persons and families of low to moderate income, including lower income and very low income households.

(b) Pursuant to Health and Safety Code Section 33334.2(e), in carrying out its affordable housing activities, the City is authorized to provide subsidies to or for the benefit of very low and lower income households, or persons and families of low or moderate income to the extent those households cannot obtain housing at affordable costs on the open market.

(c) Developer proposes, with the assistance of the City, to develop the Project and upon completion to make available for the longest feasible period of time all of the housing units in the Project at affordable rents to low and very low income households as defined in Health and Safety Code Section 50093.

(d) The expenditures from the Former Agency's Housing Fund as contemplated by the Agreement will directly and specifically increase, improve, and preserve the community's supply of low and moderate income housing within the meaning of Health and Safety Code Section

33334.2 and will be of benefit to the City by providing new housing which restricted so as to be affordable for occupancy by very low income, lower income and median income households.

(e) The California Legislature declares in Health and Safety Code Section 37000, et seq., that new forms of cooperation with the private sector, such as leased housing, disposition of real property acquired through redevelopment, development approvals, and other forms of housing assistance may involve close participation with the private sector in meeting housing needs, without amounting to development, construction or acquisition of low rent housing projects as contemplated under Article XXXIV of the State Constitution and that the Agreement approved hereby is not subject to the provisions of said Article XXXIV.

**Section 3.** The City Council hereby finds and determines that the lien of the covenants required pursuant to the Agreement may be subordinated to financing for the Project because an economically feasible alternative method of financing the Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

**Section 4.** While the City Council determines that participation in the feasibility analysis, financing, and development of the Project does not constitute development, construction or acquisition of a low-rent housing project within the meaning of Article XXXIV of the State Constitution, this Resolution is hereby deemed to constitute approval within the meaning of Health and Safety Code Section 37001.5 of a proposal which may result in housing assistance benefiting persons of low income.

**Section 5.** The approval of this Agreement by the City Council constitutes an action by the City to implement an adopted Housing Assistance Plan by acquiring interests in housing units to assure they are affordable to persons of low and moderate income. Therefore, the Project is exempt from the provisions of the California Environmental Quality Act pursuant to Section 15326 of the CEQA Guidelines (Title 14 of the California Code of Regulations). Additionally, the Project is: (1) consistent with the applicable General Plan designation and all applicable General Plan Policies as well as with applicable zoning designation and regulations; (2) the Project occurs within the city limits of the City of Temecula on a project site of less than five acres substantially surrounded by urban uses; (3) the Project site has no value as habitat for endangered, rare, or threatened species; (4) approval of the Project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and (5) the Site can be adequately served by all required utilities and public services. Therefore, the Project is and "in-fill project" and is exempt from the provisions of the California Environmental Quality Act pursuant to Section 15332 of the CEQA Guidelines (Title 14 of the California Code of Regulations). The Director of Community Development of the City is directed and authorized to file a Notice of Exemption of this action and such other documents as required by CEQA and the CEQA Guidelines.

**Section 6.** The City Council hereby approves that certain agreement entitled "Disposition and Development Agreement by and Between Temecula Redevelopment Agency and Habitat for Humanity Inland Valley, Inc." with such changes in the Agreement as may be mutually agreed upon by the Developer and the City Manager as are in substantial conformance with the form of such Agreement on file in the Office of the City Clerk. The Mayor is hereby authorized to execute the Agreement, including related exhibits and attachments on behalf of the City. A

copy of the final Agreement when executed by the Developer and Mayor shall be placed on file in the Office of the Secretary of the Agency.

**Section 7.** The City Manager (or his designee), is hereby authorized, on behalf of the City, to take all actions necessary and appropriate to carry out and implement the Agreement and to administer the City's obligations, responsibilities and duties to be performed under the Agreement and related documents, including, but not limited to the promissory notes, deeds of trust, regulatory agreements, subordination agreements, grant deeds, approval of title reports, escrow instructions, certificates of completion, and such other implementing agreements and documents as contemplated or described in the Agreement.

**Section 8.** The City Clerk shall certify the adoption of this Resolution, which shall take effect upon adoption.

**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Temecula this 23<sup>rd</sup> day of May, 2023.

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Zak Schwank, Mayor

ATTEST:

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Randi Johl, City Clerk

[SEAL]

STATE OF CALIFORNIA     )  
COUNTY OF RIVERSIDE    ) ss  
CITY OF TEMECULA         )

I, Randi Johl, City Clerk of the City of Temecula, do hereby certify that the foregoing Resolution No. 2023-     was duly and regularly adopted by the City Council of the City of Temecula at a meeting thereof held on the 23<sup>rd</sup> day of May, 2023, by the following vote:

AYES:                    COUNCIL MEMBERS:

NOES:                    COUNCIL MEMBERS:

ABSTAIN:                COUNCIL MEMBERS:

ABSENT:                 COUNCIL MEMBERS:

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Randi Johl, City Clerk